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Erste Bank Management Board recommends stock split to AGM

The Management Board of Erste Bank der oesterreichischen Sparkassen AG announced today that it will propose a four-for-one stock split to the Annual General Meeting on 4 May 2004.

Since its initial public offering in 1997 the share's performance has been very impressive, with the price rising more than 180% from EUR 44.33 to over EUR 125. A crucial factor in this success has been the focus on developing the bank's retail business in Central Europe. The retail strategy embraced by Erste Bank's Management Board is not only confined to its banking business, but also involves encouraging retail investors to participate in its success by buying shares. With this in mind, the Management Board is proposing the stock split in order to make Erste Bank shares more accessible and marketable.

To simplify the process by ensuring that the accounting par value of the resulting shares is a round number, the Management Board will at the same time propose a capital increase to the AGM. This increase would be funded from reserves and would raise the bank's called up share capital from the current EUR 435,628,641.82 to EUR 479,550,464. As no new shares would be issued in this capital increase, there would be no dilution to the value of existing holdings.

As a result of the capital increase, the amount of Erste Bank's share capital represented by each share would rise from the current level of EUR 7.27 to EUR 8.00. This permits a four-for-one stock split, with each resulting share representing EUR 2 of the share capital of Erste Bank. The split increases the number of shares by a factor of four (from current 59,943,808 to 239,775,232) and subject to shareholder approval will be carried out by entry in the Commercial Register at the end of June 2004.

Employee Share Ownership Plan

Erste Bank is continuing its Employee Share Ownership Plan (ESOP) in May 2004. The scheme allows staff to subscribe for shares between 10 and 21 May 2004. During this period, all employees of the Erste Bank Group will be able to buy up to 100 new shares on preferential terms. The subscription price will be set at 20% below the average price of the Erste Bank share for April 2004 on Wiener Börse, the Vienna stock exchange. The shares will be subject to a retention period of one year.

In addition, as part of the second Management Stock Option Plan (MSOP) implemented in 2002, by June 2004, an additional 266,000 stock options will be distributed to top management and key executive staff. The issuing of shares for this purpose was approved by the Annual General Meeting on 7 May 2002.

Employees and management currently own approximately 1.7% of the shares of Erste Bank.

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